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DRAFT REPORT OF THE SPECIAL COMMITTEE ON PREFERENCES ON ITS TWENTIETH SESSION

Held at the Palais des Nations, Geneva,
from 10 to ... May 1993

Rapporteur: Mr. E. Manakine (Russian Federation)

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INTRODUCTION

1. The twentieth session of the Special Committee on Preferences was held from 10 to ... May 1992. In the course of its session, the Special Committee held ... plenary meetings (177th-...). In addition, private and confidential bilateral consultations were also held on individual schemes. This report gives an account of the deliberations in plenary meetings.

Introductory statements

2. The Chairman said that the GSP had earned its reputation of being an important tool of trade and development cooperation between developed and developing countries. The advantages which developing countries derived from better market access in developed countries provided them with the means to continue their development programmes and enabled them to increase their purchases from those same developed countries. This mutuality of advantages was a great catalyst for expansion of trade. There was a widely held perception that the expansion of world trade in 1993 must be above that registered in 1992 in order to promote world economic recovery. The GSP had a significant role to play in this recovery, first by contributing to trade expansion and second by helping to abate inflationary pressures and thereby contributing to growth in output. In the current review of the operation and effects of the GSP, it was necessary, therefore, to consider how best to improve its many advantages so that it could reach its full potential. The Special Committee's approach should be guided by two principles. First, the framers of the GSP had envisaged that improvements should be pursued in a consistent and timely fashion and in a dynamic context. Second, the discussions should be guided by the new partnership for development which had emanated from the Cartagena Commitment.

3. The Deputy to the Secretary-General of UNCTAD said that, after more than two decades in operation, the GSP had proved to be one of the most durable and effective instruments of development cooperation between developed and developing countries. In 1991, more than 72 billion dollars' worth of exports had been generated with the help of the GSP. However, the system had not yet achieved its full potential, since these imports represented barely a quarter of dutiable imports from developing countries. The meeting of the Special Committee on Preferences provided an opportunity to take stock of its achievements and to see how further gains could be made.

4. The GSP was at present at a difficult juncture. Its further evolution depended on a host of factors, above all its status of implementation. It was well known that some preference-giving countries applied their schemes for an indefinite period, while others had extended theirs for all or a major part of the current decade. The renewal of all other schemes, including two of the major ones, was a matter of great importance which would alleviate apprehensions among developing countries as to the security of the preferential access. He emphasized that the GSP had been conceived as a global system, and any uncertainty regarding the implementation of any one scheme could put the whole programme into difficulty.

5. Another challenge for the GSP would come after the completion of the current Round of trade negotiations. A successful Uruguay Round would no doubt provide some new opportunities for developing countries on an MFN basis. However, one of the direct effects would obviously be an erosion of GSP tariff margins. As this erosion could be measured, it should be possible for preference-giving countries to take it into account when making the necessary adjustments to their schemes so as to maintain preferential margins. In this connection, he recalled paragraph 140 of the Cartagena Commitment, which specifically asked that, following the successful conclusion of the Uruguay Round, GSP preference-giving countries should consider, where possible, increasing preferential margins and duty-free treatment under the schemes.

6. The Uruguay Round would also have another direct effect in at least two other areas. The Draft Final Act included tarification of all non-tariff measures in agriculture and a phase-out of the MFA. If these two changes were actually implemented, they would unavoidably result in high MFN tariffs on agricultural products and on textiles and apparel. There was no doubt that GSP preferences in these areas could provide real opportunities for developing countries, since these two sectors were of vital importance to their exports. While the granting of duty-free treatment on these products from the outset would be highly desirable, a pragmatic approach might be to grant a significant fractional duty reduction initially, to be followed by a deeper preferential margin at a later stage. Other possibilities for GSP improvements could include full duty-free preferential treatment under those schemes that currently provided fractional duty-free reduction, expanded product coverage, relaxed safeguards and simplified origin rules.

7. At its last session, the Special Committee had broken new ground when it had addressed squarely the problem of graduation in the context of expanding the product coverage under the GSP. It was a healthy development for developing countries to get involved in the debate on an issue that currently was being unilaterally decided by developed countries. At the conclusion of that session, the Chairman had very rightly said that these issues were being raised for the first time and would naturally need to be assessed and further examined. This applied in particular to the need to develop objective and rational criteria in the application of graduation. As the secretariat saw it there were a number of issues which were central to the debate on this subject. It was necessary, first of all, to be clear about the objectives of graduation. A number of answers had already been advanced, such as the "sharing of benefits", "burden-sharing", the removal of beneficiaries no longer in need of preferences, or even the integration of graduates into the disciplines of the international trading system. The second aspect to be considered concerned the scope of graduation, in particular whether it should be product-wise or country-wise. There appeared to be a general consensus that product graduation was preferable to a complete country exclusion. The third aspect related to the criteria for graduation. The controversy in this case centred on the problem of deciding whether graduation was to be based upon a country's stage of development, however measured, or on the country's ability to export GSP-covered products. Further, should graduation comparisons be made in relation to developed countries or other GSP beneficiaries? Further discussions on all these issues should take place at the Committee's current session.

8. As in the past, arrangements had been made for delegations to hold informal bilateral consultations on the various schemes. These consultations provided an opportunity for discussing specific requests for improvement of the schemes, which he hoped would be successful.

9. Technical cooperation played an important role in improving the utilization of the schemes. UNCTAD's activities in this regard had remained at a high level in 1992 thanks to the generous trust fund contributions made by UNDP and member States. In-kind contributions had also been substantial. In this connection, he welcomed in particular the pledges made by the Governments of Japan and Switzerland. He stressed, however, that there was a wide gap between the requests for technical cooperation for better utilization

of the schemes and the funds available for acceding to such requests, and the Special Committee might wish to examine how best to secure the necessary financing for technical cooperation on a sound and predictable basis.

10. Finally, arrangements had been made for a demonstration, during the Committee's session, of an updated version of the software for "Trade Analysis and Information System" (TRAINS) which was designed to enable beneficiaries and policy makers to have easy access to the full details and trade implications of the GSP schemes.

11. The Director of the International Trade Division said that the secretariat's "Sixteenth general report on the implementation of the GSP" (TD/B/SCP/3 and Add.1) highlighted the main changes made in the GSP and also updated the trade effects of the system. One notable development had been the additions to the beneficiary lists of a number of schemes reflecting the emergence of new countries in Eastern Europe. In this connection, annex I of the document contained an updated list of beneficiaries under the various schemes, but some countries and territories appeared only as nominal beneficiaries at least under two schemes for failing to make the proper notification of impressions of seals of their certifying authorities or for failing to notify the changes made as to the proper certifying authorities. He urged these countries to comply with the notification requirement as soon as possible to avoid being deprived of GSP opportunities.

12. With regard to product coverage, and with the exception of the United States, there had been no significant additions to the schemes. Also, the built-in limitations in the major schemes continued, on the whole, to act as a restraint on preferential trade. Preferential imports, on the other hand, continued to exhibit dynamic growth reflecting the greater relevance of the GSP to beneficiary countries as they adapted their production and export capability in product lines covered by the system. There was sufficient evidence that the adaptation of this supply capability would continue to increase pari passu with the expansion of the product coverage. The possibilities in this area remained enormous, since only about 50 per cent of dutiable imports were covered by the GSP and therefore eligible for preferential treatment.

13. The secretariat's report on technical cooperation activities (TD/B/SCP/2) clearly showed that the delivery of such activities continued at a high level. The secretariat was most grateful to those member States that had provided

financial and in-kind resources which, together with UNDP financing, allowed it to sustain that high level. However, because of insufficient financial resources, a large number of requests for training activities could not be satisfied. Developments in the international trading system having a direct effect on the GSP, on the one hand, and the increased level of supply capabilities in a number of beneficiaries, on the other, would no doubt accentuate the need for such activities. He hoped, therefore, that ways and means could be devised which would make it possible to meet the requests for training and advisory services on a secure basis. He stressed that, as these requests multiplied, the amount of substantive and administrative backstopping also increased, which also called for additional resources.

14. He drew attention to the work programme recently adopted by the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries. This Group had been mandated, inter alia, to analyse and identify product and export market opportunities which were a consequence of developments in various areas, including the GSP. In this connection, he pointed out that the Working Group would draw on the work of other UNCTAD bodies, including the Special Committee on Preferences.

15. The representative of Chile said that the GSP had shown itself to be an important means of international cooperation, but it should be improved with a view to increasing its flexibility and transparency. Measures that could be taken included increasing preferential margins, including a larger number of agricultural and textile products, eliminating quotas and maximum amount limits, and simplifying the rules of origin. It was also necessary to give beneficiaries sufficient time to adapt their supply to new requirements of demand in preference-giving countries. In order to impart stability to the schemes, any revisions should last for a minimum period of more than two years.

16. He expressed concern regarding certain preferential measures favouring different groups of countries. Such discrimination jeopardized the effectiveness of the system and had an adverse effect on countries such as his own, which was a firm believer in free but equitable trade. He considered that the issues of graduation and competitive need should be discussed by the Special Committee with a view to reaching consensus on multilaterally agreed criteria for their application. The Special Committee could also serve as a

forum for discussion of specific cases emanating from beneficiary countries or from preference-giving countries. He proposed the creation of a consultation mechanism composed of a limited number of government experts which could meet two or three times a year to examine concrete cases and report its findings to the Committee. This group could also examine the problems of the rules of origin and make recommendations as to their simplification and harmonization. He expressed the hope that, after the Uruguay Round, donor countries would, in revising their schemes, not only maintain but also improve their preferential margins as an expression of their will to cooperate with developing countries.

17. Regarding the bilateral consultations that would be taking place during the Committee's session, he observed that the number of such consultations had diminished and suggested that an evaluation was needed to see what changes could be made to strengthen their effectiveness in the future.

18. In conclusion he stressed the need to maintain the GSP technical assistance programme, which had provided a very useful service, and called on UNDP and the developed countries to lend greater support to such activities.

19. The representative of Bangladesh said that, while some preference-giving countries had adopted special measures for the least developed countries within the GSP schemes, countries such as his own faced certain difficulties in utilizing the GSP schemes. The diversity of the rules of origin in terms of origin criteria, consignment conditions and the documentary evidence required hampered the utilization of GSP schemes by beneficiaries. For example, in some cases woven garments had to undergo two-stage transformation, while knitted garments were subject to three-stage transformation, even though the processing involved was the same. In addition, some preference-giving countries required value-added of 35 to 40 per cent for garment exports under the GSP, whereas for a country like Bangladesh, this requirement should be reduced to 25 per cent. Further simplification and harmonization of the rules of origin, particularly for the LDCs, was, therefore, urgently required. In this connection, some major preference-giving countries maintained large negative lists which included ready-made garments and the least developed countries might be exempted from these lists in order to enable them to take full advantage of their limited export potential.

20. A number of other factors hampered the utilization of the GSP schemes such as inadequate institutional facilities, a narrow export base, and lack of familiarity with procedures and documentation requirements. Although

technical assistance could play an important role in these areas, the improvement of the GSP schemes was more important. Improved GSP schemes coupled with technical assistance would enable beneficiaries to improve their market access.

21. The Programme of Action for the Least Developed Countries stressed the need for further improvement of GSP schemes, as well as improved market access for products originating in LDCs. In particular, it called for broad actions such as wider product coverage, flexible rules of origin, exemptions from quotas and ceilings, stability and predictability of preferences and simplification of procedures. He hoped that preference-giving countries would implement such measures in favour of the least developed countries. These countries, for their part, were willing to make greater efforts through institution-building, development of their export sector and diversification to fully utilize the existing schemes. Finally, it was important to ensure that the Uruguay Round of Multilateral Trade Negotiations did not result in an erosion of the preferential margin provided by the existing schemes as they related to the least developed countries.

Chapter I

REVIEW OF THE IMPLEMENTATION, MAINTENANCE, IMPROVEMENT AND UTILIZATION OF THE GENERALIZED SYSTEM OF PREFERENCES

(Agenda item 3)

CONSULTATIONS ON HARMONIZATION AND IMPROVEMENT OF THE RULES OF ORIGIN

(Agenda item 4)

TECHNICAL ASSISTANCE IN CONNECTION WITH THE GENERALIZED SYSTEM OF PREFERENCES

(Agenda item 5)

22. For its consideration of these items, the Special Committee had before it the following documentation:

"Sixteenth general report on the implementation of the generalized system of preferences: report by the UNCTAD secretariat" (TD/B/SCP/3) (item 3);

"Technical cooperation activities on the generalized system of preferences and other trade laws: report by the UNCTAD secretariat" (TD/B/SCP/2) (item 5).

23. The representative of Austria, referring to his country's GSP scheme, said that, as from 1 January 1993, Austria had added the remaining States formerly members of the USSR to the list of preference-receiving countries under Group I. The former Socialist Federal Republic of Yugoslavia had been deleted from the list as from 1 January 1993, but certain former constituent republics were recognized as preference-receiving countries. Developments in the scheme also reflected the conclusion of free trade agreements (FTAs) between EFTA and a number of former or current preference-receiving countries. Given the fact that the trade advantages under the new free trade agreements went further than those under the GSP, it was not deemed necessary to keep GSP treatment for the new free trade partners. However, his country had decided to grant transitional periods of six months for which free trade treatment and GSP treatment would be applied in parallel. Thus, since the FTA with Turkey had entered into force on 1 October 1992, Turkey had been excluded from the list of beneficiaries from 1 April 1993. The Czech Republic and the Slovak Republic were recognized as separate beneficiaries and were granted full cumulation. However, taking into account the EFTA FTA which had entered into force on 1 December 1992, both countries would be deleted from the list of beneficiaries as from 1 June 1993. The EFTA FTA with Israel had entered

into force on 1 January 1992, and Israel would thus be excluded from the scheme as from 1 July 1993. Similar measures were envisaged in connection with the entry into force of the EFTA FTAs with Poland, Hungary, Romania and Bulgaria.

24. With regard to product coverage, his country had added one new product to its list of eligible products falling within HS chapters 1-24. With effect from 1 March 1993, sweet peppers under heading No. 0904.20 were granted GSP treatment. No new safeguard action had been taken under the scheme.

25. Turning to technical assistance on the GSP, he said that the secretariat's report had clearly shown the continuing need for this kind of assistance. In the recent past, an Austrian expert had lectured at a regional GSP seminar held in Guatemala for Central American countries. On a bilateral basis, a national GSP seminar on the Austrian GSP scheme had been held in Tirana, Albania, in April 1993. He was grateful to the GSP Project for sending a lecturer to a seminar on trade policy matters which his country had organized in the autumn of 1992 for officials from China.

26. His country was ready to continue its contribution to the GSP project within its very limited budgetary and administrative possibilities. In particular, it could supply the project with copies of Certificate Form A. Finally, a new and updated edition of the handbook on the GSP scheme of Austria would be published in the summer of 1993.

27. The representative of Japan, referring to his country's GSP scheme, said that Croatia, the Czech Republic, the Slovak Republic and Slovenia had become new beneficiaries of the scheme as from 1 April 1993, which put the total number of beneficiaries at 134 countries and 25 territories. GSP ceiling quotas for fiscal year 1993 had been announced, and in order to promote utilization of the GSP, quotas for 20 product groups had been abolished and ceiling levels for 51 product groups had been increased. The scheme was in principle safeguarded by an escape clause system which had, however, never been applied.

28. The GSP schemes had been designed and implemented taking into account the individual economic structures and conditions in preference-giving countries, as well as those in beneficiary countries. In order to obtain an optimum utilization of GSP advantages, voluntary efforts by preference-giving countries to make the schemes simpler and more transparent, as well as efforts by beneficiary countries to strengthen their technical and administrative

capacity to utilize them, needed to be further encouraged. Japan would continue to play its role in supporting the UNCTAD Technical Cooperation Programme on the GSP and Other Trade Laws.

29. His country intended to send an associate expert on GSP to the UNCTAD/UNDP Regional Project for Asia and the Pacific. His Government attached great importance to the holding of GSP seminars and had financed a number of them. In fiscal year 1993, his Government would contribute US$ 250,000 to fund GSP seminars under the Programme, which represented an increase from the US$ 150,000 contribution made in fiscal year 1992. Finally, each year his Government provided pamphlets in English explaining Japan's scheme.

30. The representative of Canada said that his country's scheme had undergone a number of changes since its implementation in 1974, such as the addition of new products, lower rates of duty, improved rules of origin to allow for global cumulation and the addition of new beneficiaries.

31. Legislation was required if the scheme was to be extended beyond 30 June 1994. His Government had indicated two years previously that it would undertake a comprehensive review of the scheme once the Uruguay Round was completed. In view of the time-frame for the Round's completion, any decisions regarding substantive changes to the Canadian scheme might also have to be delayed. His Government continued to welcome suggestions from individual beneficiaries in this regard. He noted some technical corrections to document TD/B/SCP/3.

32. As from 9 March 1993, Canada had added Cambodia, Liberia, Madagascar, Mozambique, the Solomon Islands, Zaire and Zambia to its list of least developed beneficiary countries. Preferential tariff treatment had also been extended to all of the former Soviet Republics. Since 1992 his country had not undertaken any new safeguard measures, and the scheme thus continued to be characterized by a high level of stability and transparency.

33. Of the 180 countries and territories to which his country extended preferential tariff treatment, over 70 of them had never made the notification regarding the certifying authorities. Another 60 eligible beneficiaries had not updated the information on their certifying authority for at least five years. His delegation, which included a customs expert, would be pleased to discuss this matter further with the beneficiaries concerned.

34. Regarding technical assistance, his Government had continued to be a strong supporter of technical assistance to GSP beneficiary countries in 1992 and 1993. His country had sent an expert to participate in national and regional seminars or workshops organized by UNCTAD in Malaysia, Panama, Romania, the Slovak Republic and Guatemala. It had also provided technical assistance in the form of seminars and missions to a number of developing countries in all regions through the Canadian Trade Facilitation Office, which was a non-profit organization funded by the Canadian Government. In addition, the Trade Facilitation Office had brought to Toronto 30 business women from 17 beneficiary countries to attend seminars on how to export to Canada. His Government believed that technical assistance remained critical in enhancing the opportunities for export growth in developing countries.

35. The spokesman for the Asian Group (Sri Lanka) said that one of the more important developments during the period under review was the extension of GSP benefits to the Central and Eastern European countries as a part of the assistance package given to these countries to facilitate their transition towards the market economies. This was a very significant development. Action by the donor countries not only demonstrated recognition of the GSP as a time-tested and more effective instrument of international economic cooperation but also recognized that the system was fully consistent with market-oriented trade reforms. However, it was necessary to evaluate the legal and economic implications of this action for the developing countries and the secretariat should prepare a study on that question.

36. Most of the Asian developing countries had undertaken autonomous economic and trade liberalization measures in the recent past, at considerable economic and social cost. The international community should support the efforts of developing countries, inter alia, by expanding the benefits under the GSP.

37. The benefits of the GSP could be increased by the expansion of the product coverage to include products of current and potential export interest to developing countries, particularly the LDCs. Paragraph 135 of the Cartagena Commitment recognized the need for such an expansion of product coverage.

38. The successful conclusion of the Uruguay Round would bring new challenges and opportunities for the GSP. Any reduction of the MFN rates at the conclusion of the Round should be followed up by favourable adjustment of preferential margins and duty free treatment. The tarification of non-tariff

measures at the end of the Round would present new areas for inclusion in the system. The UNCTAD secretariat should study the impact of the results of the Uruguay Round on the GSP and identify the follow-up action required to strengthen the system.

39. The extension of more favourable treatment to a group of countries from a particular region discriminated against other preference-receiving countries with similar export interests, and in keeping with the non-discriminatory principles of the GSP all such benefits should be extended to all beneficiary countries.

40. At the nineteenth session of the Special Committee, it had not been felt necessary to have a formal negotiated outcome of the meeting. One of the main tasks at the twentieth session would be to move forward in accordance with the "progressive sequence" described in paragraphs 51 to 57 of the Cartagena Commitment. The issues had been identified the previous year, and now it was time to have a dialogue and an interaction aimed at identifying areas of convergence leading to agreed conclusions and recommendations. The issues identified as constituting the most noteworthy topics of discussion were: graduation or differentiation; rules of origin; and technical assistance.

41. The Asian Group considered that multilaterally agreed objective and rational criteria should be developed for the process of graduation. Preference-giving countries should refrain from taking any action under this process without consulting the relevant preference-receiving countries and should always allow the exporters in these countries sufficient adjustment time. One of the more positive effects of graduation should be a better spread of benefits among developing countries. It should also open up possibilities for increased product coverage in areas of export interest to developing countries.

42. At the nineteenth session of the Committee, there had been widespread agreement on a number of issues related to the rules of origin. The Asian Group supported the position that harmonization should be treated as an issue separate from other possible improvements to the system. The absence of a "donor country content" rule in the schemes of some of the preference-giving countries hindered exports from the region to those countries. His Group fully supported the inclusion of "donor country content" and full global cumulation in any attempts at harmonization.

43. The Asian Group appreciated the technical cooperation training activities undertaken by UNCTAD on GSP and other trade laws during 1992. The Asian countries had substantially benefited from this programme and expressed their appreciation to the countries which contributed funds. However, there were many outstanding requests from Asian countries for such activities which the UNCTAD secretariat could not satisfy due to lack of financial support, and the Asian Group appealed to the international community to continue and improve its financial support for the technical cooperation projects in question.

44. The representative of Pakistan said that, ever since the principle of granting preferences had been accepted in 1968, only one quarter of exports from developing countries had actually been able to lay claim to preferential treatment. This situation was inadequate, particularly in view of the growing tendency towards regionalism in the developed world through the formation of free trade areas, customs unions, etc., which had resulted in exports from developing countries being rendered uncompetitive.

45. His country was opposed to the concept of country graduation and product graduation. Most developing countries exported a very small range of products, and it therefore made no sense to penalize them for one or a few items for which they had the capacity to export on a competitive basis. He recalled that the GSP schemes had originally been structured to reflect the varying import capacity of preference-giving countries. However, these countries had become richer as the poor countries had become poorer, and they could well afford to improve the schemes by making them simpler, predictable and equitable and by harmonizing the rules of origin. Discriminatory treatment was another flaw in the GSP. His country deplored the use of non-economic considerations in the granting of preferential treatment. This kind of arm twisting to which developing countries were subjected was not desirable.

46. The representative of Sweden said that his country's scheme was simple, transparent and predictable and its validity was unlimited in time, so that no specific decision on extension was needed. The least developed countries recognized as such by the United Nations enjoyed full exemption from customs duties on all goods, and there were no quotas or ceilings. All the LDCs had to do to benefit from the scheme was to fulfil the notification procedure regarding their certifying authorities. To date, 24 of the 47 LDCs had made the necessary notification, and he urged the remaining 23 LDCs to comply with

this procedure. Other developing countries enjoyed total exemption from customs duties for goods to which the scheme applied, and such goods were also free from tariff quotas or ceilings. Some changes had been made in the beneficiary list since the Committee's nineteenth session, but most of them were reflected in the secretariat's report.

47. Regarding the utilization of the scheme, total imports for 1992 had amounted to 5.2 billion Swedish crowns, which corresponded to 20 per cent of total imports from beneficiary countries. In addition, goods worth 10.7 billion Crowns had been imported duty-free on an MFN basis, which meant that altogether 62 per cent of total imports from beneficiary countries had been duty-free. The average utilization rate of the scheme in 1992 had been 63 per cent, and this confirmed the trend of recent years.

48. Regarding technical assistance in connection with the GSP, his country's contribution for 1993 to the Central Trust Fund would be equivalent to US$30,000. His country attached great importance to the provision of assistance to developing countries, especially the LDCs, and through the years 1984 to 1992 Sweden had supplied no less than 25 per cent of the total financial contributions made to the Technical Cooperation Programme on the GSP and Other Trade Laws.

49. The representative of Romania said that the Committee's twentieth session provided a good opportunity to look at the role that the GSP should play in the last decade of the century, which was marked by profound economic and political changes in many countries. The pace of economic reform and the advancement of democracy in large areas of the world had created the need for a new approach to the global problems of the time. The GSP was of increasing importance to her country, which was engaged in an all-out process of democratization and transition to a market economy. In carrying out its economic reform, Romania was confronted basically with two types of difficulties: those due to the extremely critical economic situation inherited, and those entailed by the contradictions and costs generated by the transition itself. Her country was making great efforts to overcome these difficulties, but assistance from the international community was needed. In this context, she fully supported the conclusions and recommendation of the UNCTAD secretariat, which emphasized both the positive contribution of the GSP to the expansion and diversification of world trade and the areas in which the system could be further improved. These included the need for continuous

improvement of the schemes, as well as their prolongation, the observance of the principles of non-reciprocity and non-discrimination; better product coverage, as well as reduction and elimination of limitations and restrictions on preferential imports; avoidance of arbitrary elimination of preferences; simplification and harmonization of the rules of origin; the granting of donor country and regional content cumulation; and the avoidance of non-tariff measures on products covered by the schemes.

50. With regard to the tariff concessions to be agreed in the Uruguay Round, it would be useful for the UNCTAD secretariat to conduct a study on the impact of the Round on the GSP and appropriate ways of improving the existing preferential schemes in order to compensate for the erosion of preferential margins.

51. She expressed appreciation to UNCTAD for the seminar on GSP and Other Trade Laws which had taken place in Bucharest in July 1992, as well as to the Government of Japan for its generous financial contribution to this project.

52. A preliminary evaluation of the operation of the GSP in her country showed that the number of economic operators applying for GSP certificates of origin had undergone a 200 per cent increase, while the value of the goods for which GSP certificates had been issued in the first four months of 1993 had been 1.5 times higher than for the same period in 1992. For the time being, most exports were oriented towards EC and EFTA countries. From 1 May 1993, Romania would not be on the GSP schemes of EC, Switzerland and Sweden as a result of the recent conclusion of European and FTA agreements respectively. Romanian exports to other preference-giving countries had their importance too, and further technical assistance was both needed and welcomed by the Romanian authorities. A focal point had been set up within the Ministry of Trade to disseminate information on the GSP and other preferential systems. Her country would appreciate receiving documentation on GSP and other trade laws, as well as any technical support to enable it to take advantage of the system.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

53. The twentieth session of the Special Committee on Preferences was opened by the Deputy to the Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

54. At its 177th plenary meeting on 10 May 1993, the Special Committee elected its bureau as follows:

Chairman:	Mr. Bachrum S. Harahap (Indonesia)
Vice-Chairmen:	Mr. Laurent Brice Conlon (Benin)
	Mr. Hugo Cubillos (Chile)
	Mr. Thomas S. Fusco (United States of America)
	Mr. Peter Gebert (Denmark)
	Mr. Gomi Senadhira (Sri Lanka)
Rapporteur:	Mr. Evgueni Manakine (Russian Federation)

C. Adoption of the agenda and organization of work

(Agenda item 2)

55. Also at its 177th plenary meeting, on 10 May 1993, the Special Committee adopted its provisional agenda (TD/B/SCP/1) as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Review of the implementation, maintenance, improvement and utilization of the generalized system of preferences
4. Consultations on harmonization and improvement of the rules of origin
5. Technical assistance in connection with the generalized system of preferences
6. Provisional agenda for the twenty-first session of the Special Committee on Preferences
7. Other business
8. Adoption of the report of the Special Committee on Preferences to the Trade and Development Board